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JUL 14 2009

DIV. OF OIL, GAS & MINING

7/8/2009

Dear Mr. Baker;

This is a reply to the Deficient Notice of Intention dated 4-2-2009 that I received from you concerning an amended NOI for the Carnotite West Uranium mine S0150097. When I first submitted the original NOI for my proposed Uranium mine in December of 2007 UDOGM processed and then approved both the NOI and the Request for Variance on the top soil issue and returned them to me in six weeks from the date of submittal (see attachment #1). There were no notices of deficiencies from UDOGM nor were there repeated request for single complete documents and the NOI was processed efficiently and professionally.

My problems began when on 4-19-2008 I filed an amended NOI with UDOGM. This was necessitated by the fact that I had sold the 8 Ball #5 mining claim and with it the #9 mine incline. The amended NOI was basically the same mining plan (#8 incline substituted for the #9 incline) on the same group of mining claims (8 Ball #1 through 8 Ball #4) and the same Request for Variance on the top soil issue. This was sent to UDOGM by certified return receipt mail in the form of one single complete document. Since then UDOGM has sat on this amended NOI, for over a year without approval. You first began requesting additional single complete documents less than a month after receiving the amended NOI and I have subsequently sent to your office two additional single complete NOI documents. I have bent over backwards answering all of the many notices of deficiencies that I have received from UDOGM. As you very well know UDOGM does not require that NOI's be submitted on forms or in a certain format. There are not even any detailed guidelines that designate all of the information and data needed to complete an NOI. This leaves the form in which the NOI is submitted to the discretion of the person preparing that NOI. For UDOGM to continually complain that a document has not been submitted in correct form or in a form that cannot be entered into your system is disingenuous at best. After a year of sending to UDOGM complete and detailed replies to every Notice of Deficiency that I have received only to have UDOGM continue to deny this NOI is very frustrating..

Your letter of 4-2-2009 once again asks for a single complete document. My question to you is what has happened to the three single complete documents that I have already provided to UDOGM? What good does it do for me to continue supply you with single complete document, following single complete document, following single complete document? All of the information that you have requested in your latest letter has been supplied by me to UDOGM repeatedly during the past year of correspondence in detailed and complete replies to your many Notices of Deficiencies. If I have to prepare another

complete amended NOI. It will not be mailed, I will deliver it to your office in person so that it can be received page by page and be signed for by someone in your office.

Item 4 of your letter gives reasons for UDOGM not approving my Request for Variance due to the lack of any topsoil on the mine site to be salvaged and saved for the reclamation of the mine site after mining operations cease. Paul, you state that based on the onsite meeting that it appears there are undisturbed areas from which topsoil could be saved for reclamation. I cannot believe that you could arrive at this completely incorrect and irrational conclusion having been to the site and seeing that every square foot of the mine site is covered by 4 to 15 feet of waste rock from past mining operations. You did not mention to me at that meeting that you had seen undisturbed areas of topsoil. If you had mentioned it, I would have requested that you mark such areas out and we would have photographed and documented the alleged areas. The fact is that just as I have always maintained there is absolutely no top soil on the site in quantities sufficient for reclamation and as stated in the Request for Variance native vegetation grows just as well on the mine waste rock dumps as anywhere in the natural geological formations in the Buckhorn wash area. I have sent to you photographs of the entire mine site establishing without question that my position on this is the correct one. As you took no photographs during the onsite meeting, you should look again at those photographs that I have supplied to UDOGM to refresh your memory. There is not enough topsoil on the mine site to reclaim a potted plant. I demand another on site meeting, this time with a qualified UDOGM soil specialist. At which time the alleged areas of top soil can be identified, measured and delineated by a competent person. Please schedule this on site meeting at the earliest possible date.

Ted Thompson
Carnotite LLC
775 E. Claybourne Ave
Salt Lake City, UT 84106
801-486-8346



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

Attachment #1

February 21, 2008

Ted & Laurette Thompson
Carnotite, LLC
775 East Claybourne Ave.
Salt Lake City, Utah 84106

Subject: Complete Notice of Intention, Carnotite LLC, Carnotite West Mine, S/015/0097, Emery County, Utah

Dear Mr. & Mrs. Thompson:

The Division finds your Notice of Intention to Conduct Small Mining for the Carnotite West Mine complete, however prior to conducting mining activities the Division must approve the reclamation surety. The surety amount is calculated based on average costs for reclamation at large mines, and applied to the five acres of disturbance proposed for your small mine operation. The Bureau of Land Management (BLM) must give concurrence on the surety amount before it can be posted by your company. In order for the BLM to review surety calculations, they must review your mine plan. The next step for you to take is to submit a Notice to the BLM in the Price Field Office so they can begin the review process for your proposed mining operation.

Thank you for your cooperation to continue processing this permitting action. In reply, please refer to file number S/015/0097.

Sincerely,

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW/jcmph
Task ID# 2228

cc: Chris Conrad, Price BLM Field Office

PROGRAMS/MINERALS/WPM015-Emery/S0150097-Carnotite West/final/condit-acceptSW.doc

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DIV OF OIL, GAS & MINING

7/9/2009

Ms Susan M. White;

Enclosed is copy of a letter that I have sent to Paul Baker in reply to his letter dated 4-2-2009 concerning an amended NOI (S0150097) that I submitted as a single complete document to UDOGM in April of 2008. The original NOI was accepted and found complete on 2-21-2008. That took the staff at UDOGM six weeks to complete, approve and return to me. It was a timely and professional process.

After the mining plan detailed in the NOI had been approved by UDOGM, circumstances required my mining company Carnotite LLC to sell one of our mining claims. The sale of that claim included the #9 incline which was to be the entrance used for access. The most significant change in the mining plan was that the #9 incline could not now be used by Carnotite for access and in its place the #8 incline would be used instead. The total disturbed area was also reduced from 5 acres to 2 1/2 acres (now 2 acres). It is the same group of mining claims and the same mining and reclamation plan.

When I contacted the staff at UDOGM I was told to affect the changes I should file an amendment to my NOI. It has been over a year since I submitted the amended NOI in the form of a single complete document to UDOGM and it is still languishing unapproved in your office. Compare that to the six weeks that was needed to find my NOI complete and approve it in February of 2008. Since submitting the amended NOI I have submitted two additional amended NOI's in the form of single complete documents at the request of your staff. Also during the past year I have made detailed and complete line by line replies to three Notices of Deficiencies that I have received from UDOGM. The letter from Mr. Baker of 4-2-2009 is asking for yet another single complete document (which would be the fourth one) the letter is also yet another Deficient NOI. This is either selective harassment by your staff or an indictment of their inability to assemble data submitted to them in an orderly and efficient manner.

The other problem is the denial of approval of Carnotite LLC's Request for Variance from UDOGM's requirement for topsoil to be stripped from the mine site and stock piled to be used as a planting medium during reclamation of the mine site. The size of the mine site has been reduced at the request of Mr. Baker to a tiny 2 acres. Every square foot of the mine site is heavily covered with waste rock and mine dumps from past mining operations. As I related to Mr. Baker there is not enough topsoil on the mine site to reclaim a potted plant and that is the truth of the matter. I must request that there be another on site meeting and that this time a UDOGM soil specialist should attend. This matter must be put to rest, if there was any topsoil on the mine site I would not have any problem at all with stripping and storing it for reclamation, but it just does not exist. Further as I have constantly maintained native vegetation does quite well on the mine waste rock dumps. Please arrange for an onsite meeting at the earliest possible date.

Ted Thompson

Ted Thompson
Carnotite LLC